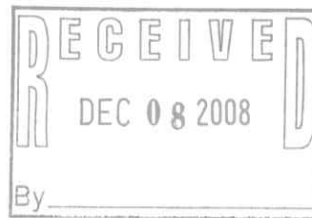


INTERVAL HOUSE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

DATE RECEIVED:



AUDIT REVIEW #(s) 04337

Assigned To: Price

Date Reviewed: 12/12/08

Reviewer's Initials: HP

Date Review(s) Completed: 12/12/08

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Interval House
Long Beach, California

We have audited the accompanying statements of financial position of Interval House as of June 30, 2008, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Interval House. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements, and in our report dated October 5, 2007, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

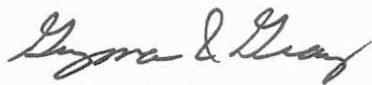
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interval House as of June 30, 2008, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 2008 on the consideration of Interval House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Independent Auditors' Report (Cont.)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Interval House taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The accompanying Statements of Costs Claimed, Costs Accepted and Costs Recommended for Disallowance are presented for purposes of additional analysis as required by the State of California Office of Emergency Services, and are not a required part of the basic financial statements of Interval House. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Long Beach, CA
October 17, 2008

INTERVAL HOUSE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	June 30,	
	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 292,328	\$ 405,078
Certificates of deposit	2,052,944	1,593,213
Grants receivable	469,240	396,914
Prepaid expenses	<u>72,655</u>	<u>65,030</u>
TOTAL CURRENT ASSETS	<u>2,887,167</u>	<u>2,460,235</u>
LAND, BUILDING AND EQUIPMENT, NET	<u>1,118,623</u>	<u>1,208,012</u>
OTHER ASSETS		
Video in production	153,835	50,138
Construction in Progress	23,404	
Time Share	39,980	
Trust account – Golf Tournament	<u>44,598</u>	<u>28,160</u>
TOTAL OTHER ASSETS	<u>261,817</u>	<u>78,298</u>
TOTAL ASSETS	<u>\$ 4,267,607</u>	<u>\$ 3,746,545</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 52,848	\$ 69,077
Accrued payroll	65,234	58,974
Accrued vacation	96,153	104,200
Other accrued liabilities	5,740	14,588
Deferred revenue	6,050	3,800
Mortgage payable, current portion	<u>19,434</u>	<u>19,434</u>
TOTAL CURRENT LIABILITIES	<u>245,459</u>	<u>270,073</u>
LONG TERM LIABILITIES		
Mortgage payable, net current portion	408,107	427,540
Trust Liabilities – Golf Tournament	<u>44,598</u>	<u>28,160</u>
TOTAL NON CURRENT LIABILITIES	<u>452,705</u>	<u>455,700</u>
TOTAL LIABILITIES	<u>698,164</u>	<u>725,773</u>
NET ASSETS		
Unrestricted	3,322,645	2,784,870
Temporarily restricted	<u>246,798</u>	<u>235,902</u>
TOTAL NET ASSETS	<u>3,569,443</u>	<u>3,020,772</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,267,607</u>	<u>\$ 3,746,545</u>

See accompanying Independent Auditors' Report and Notes to Financial Statements.

INTERVAL HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total June 30, 2008</u>	<u>Total 2007</u>
SUPPORT, REVENUES AND GAINS				
Government grants	\$ 2,001,239		\$2,001,239	\$ 1,788,182
United Way Orange County	156,480		156,480	162,994
Foundation/Corporation grants	28,265		28,265	170,182
Foundation/Corporation contributions	352,543		352,543	357,348
Contributions	86,463	\$ 134,300	220,763	330,468
Donated use of facilities	53,692		53,692	4,708
Donated services	1,437,041		1,437,041	2,935,702
Donated materials	216,866		216,866	321,644
Donated Time Share	39,980		39,980	
Special events/fundraising, net of direct expenses \$13,371	546,263		546,263	591,254
Client fees	140		140	968
Rental income	8,178		8,178	22,951
Interest Income	97,957		97,957	101,479
Refunds on computer rebates	50,259		50,259	
Other income	1,324		1,324	727
Gain (loss) on sale of asset				(70,070)
Debt forgiveness	19,434		19,434	19,434
	<u>5,096,124</u>	<u>134,300</u>	<u>5,230,424</u>	<u>6,737,971</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>123,404</u>	<u>(123,404)</u>		
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>5,219,528</u>	<u>10,896</u>	<u>5,230,424</u>	<u>6,737,971</u>
EXPENSES				
Program	4,364,222		4,364,222	5,983,459
Administrative	248,244		248,244	231,781
Fundraising	69,287		69,287	73,686
TOTAL EXPENSE	<u>4,681,753</u>		<u>4,681,753</u>	<u>6,288,926</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 537,775</u>	<u>\$ 10,896</u>	<u>\$ 548,671</u>	<u>\$ 449,045</u>

See accompanying Independent Auditors' Report and Notes to Financial Statements.

INTERVAL HOUSE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	Unrestricted	Temporarily Restricted	Total
NET ASSETS, AS REPORTED JUNE 30, 2006	\$ 2,612,735	\$ 75,000	\$ 2,687,735
PRIOR PERIOD ADJUSTMENT	(116,008)		(116,008)
NET ASSETS, AS RESTATED JUNE 30, 2006	2,496,727	75,000	2,571,727
CHANGE IN NET ASSETS, AS REPORTED PREVIOUSLY FOR JUNE 30, 2007	283,309	160,902	444,211
PRIOR PERIOD ADJUSTMENT	4,834		4,834
CHANGE IN NET ASSETS, AS RESTATED FOR JUNE 30, 2007	288,143	160,902	449,045
NET ASSETS, AS RESTATED JUNE 30, 2007	2,784,870	235,902	3,020,772
CHANGE IN NET ASSETS	537,775	10,896	548,671
NET ASSETS, END OF YEAR JUNE 30, 2008	\$ 3,322,645	\$ 246,798	\$ 3,569,443

See Independent Auditors' and Notes to Financial Statements

INTERVAL HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	June 30,	
	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 548,671	\$ 449,045
Adjustments to reconcile decrease in net assets to cash provided (used) by operations		
Depreciation	89,389	114,055
Forgiveness of debt	(19,434)	(19,434)
Donation of Time Share	(39,980)	
Realized loss on sale of asset		70,070
(Increase) decrease in:		
Grants receivable	(72,326)	(84,307)
Prepaid expenses	(7,625)	4,840
Increase (decrease) in:		
Accounts payable	(16,229)	17,982
Accrued payroll	6,260	(1,725)
Deferred revenue	2,250	(164,647)
Other accrued liabilities	(8,847)	12,217
Accrued vacation	(8,047)	18,858
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>474,082</u>	<u>416,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Video in Production	(103,697)	(50)
Construction in Progress	(23,404)	
Sale of assets		61,491
Purchase of certificates of deposit	(459,731)	(399,927)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(586,832)</u>	<u>(338,486)</u>
NET INCREASE (DECREASE) IN CASH	(112,750)	78,468
CASH AT BEGINNING OF YEAR	<u>405,078</u>	<u>326,610</u>
CASH AT END OF YEAR	<u>\$ 292,328</u>	<u>\$ 405,078</u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing activities:		
Forgiveness of Debt	19,434	19,434
Donation of Time Share	<u>39,980</u>	
Interest Paid	<u>NONE</u>	<u>NONE</u>
Taxed Paid	<u>NONE</u>	<u>NONE</u>

See accompanying Independent Auditors' Report and Notes to Financial Statements

INTERVAL HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

				Total June 30, 2008	Total June 30, 2007
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>		
EXPENSES					
Salaries	\$ 1,334,386	\$ 161,325	\$ 32,608	\$ 1,528,319	\$ 1,507,393
Employee benefits	219,024	11,406	27,063	257,493	269,978
Worker's compensation	19,381	5,347	231	24,959	19,715
Payroll taxes	110,826	9,758	2,112	122,696	121,903
Donated services	1,437,041			1,437,041	2,935,702
Professional services	191,945	14,447	511	206,903	189,970
Rent	198,037	8,098	1,224	207,359	200,861
Utilities	34,819	692	104	35,615	27,367
Maintenance and repairs	62,631	950	143	63,724	68,482
Depreciation	82,239	6,221	929	89,389	114,055
Telephone	34,953	8,802	203	43,958	40,943
Donated use of facilities	53,692			53,692	4,708
Donated materials	216,866			216,866	321,644
Food	40,044			40,044	34,654
Program expense	126,496			126,496	190,479
Insurance	32,356	2,038	307	34,701	40,666
Office supplies	31,268	13,185	607	45,060	54,667
Postage	13,637	301	1,280	15,218	20,592
Printing and publication	3,627		277	3,904	6,472
Conferences and training	2,023	140		2,163	8,796
Transportation	97,595	460	64	98,119	86,938
Equipment rental	15,131	1,158	172	16,461	12,347
Other	2,617	700	1,432	4,749	
Dues and subscriptions	<u>3,588</u>	<u>3,216</u>	<u>20</u>	<u>6,824</u>	<u>10,594</u>
TOTAL EXPENSES	<u>\$ 4,364,222</u>	<u>\$ 248,244</u>	<u>\$ 69,287</u>	<u>\$ 4,681,753</u>	<u>\$ 6,288,926</u>
With in-kind	93.22%	5.30%	1.48%		
Without in-kind	89.32%	8.35%	2.33%		

See accompanying Independent Auditors' Report and Notes to Financial Statements.

INTERVAL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Interval House, a non-profit organization, is a pioneering and award-winning domestic violence program providing comprehensive support services to victims of domestic violence and their children since 1979. Interval House is unique for providing all services in over 50 different languages. These services include: 24-hour crisis and teen hotlines; emergency shelter and transitional housing; outreach centers; individual and group counseling; legal; emergency response team; health and wellness; children and youth; teen dating violence; "second generation" teen program; elder abuse; human trafficking; CASE Interfaith project; pioneering multicultural programs; international institute on violence; formerly battered women leadership – Papillon project; substance abuse support; financial management; community education, prevention, and training; domestic violence counselor certification training; and volunteer and university internships.

The mission of Interval House is to ensure safety for people who are battered, abused, or at risk; to create public awareness about the epidemic of violence; and to mobilize the community to prevent violence and end this recurring phenomenon in society. Interval House is a tax exempt organization for Federal and State income tax purposes.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and SFAS No. 117, Financial Statement of Not-For-Profit Organizations. SFAS No. 116 requires, among other things, the recognition at fair value of contributions received, including unconditional promises to give, in the period received. SFAS No. 117 establishes standards for general purpose external financial statements. Focusing on the entity as a whole, SFAS No. 117 requires that all not-for-profit organizations provide a statement of financial position, a statement of activities and changes in net assets and a statement of cash flows and that net assets and changes in net assets be classified as permanently restricted, temporarily restricted or unrestricted.

A description of the categories of net assets is as follows:

Unrestricted Net Assets

Unrestricted net assets are utilized to record contributions, special events, fees and other forms of unrestricted revenue and expenditures related to the general operations and special events efforts of the organization that are not restricted by the donor through use or time restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets are utilized to record resources received that are restricted as to use or timing of receipt by the donor or grantor. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Net Assets Released From Restrictions

Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

INTERVAL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Cont.)

A description of the categories of net assets is as follows (Cont.):

Permanently Restricted Net Assets

Permanently restricted net assets are utilized to record resources received that are permanently restricted as to use by the donor or grantor. The Organization had no such assets at June 30, 2008.

Grants Receivable

This amount represents amounts invoiced to various grantors for reimbursement of expenditures. No allowance for uncollectible amounts has been established as management believes they are fully collectible.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the fair market value at date of donation. Depreciation is provided on the straight-line method over estimated useful lives of five years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Grant Revenues

Grant revenues earned, but not received, are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as deferred revenue. Grant expenditures are recorded when the liability is incurred.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions with restrictions met in the same reporting period are recorded as unrestricted contributions.

Donated Services and Materials

Per the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 116 contribution of services shall be recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized. Donated materials and assets are recorded at fair market value at date of gift.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Status

The Organization has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made in the accompanying financial statements, since there is no unrelated business activity. The Internal Revenue Service has classified the Organization as other than a Private Foundation.

INTERVAL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly-liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

NOTE 2 – FIXED ASSETS

Fixed assets and the related accumulated depreciation consist of the following:

	<u>Year ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 303,783	\$ 303,783
Building and improvements	1,601,918	1,601,918
Furniture and equipment	<u>330,612</u>	<u>330,612</u>
	2,236,313	2,236,313
Less: Accumulated depreciation	<u>(1,117,690)</u>	<u>(1,028,301)</u>
	<u>\$ 1,118,623</u>	<u>\$ 1,208,012</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$89,389 and \$114,055, respectively.

NOTE 3 – LEASE COMMITMENTS

The Organization leases its administrative facilities on a fifteen-year lease commencing September 1, 1998 through August 31, 2013. Equipment is leased on a five-year lease from January 2007 through December 2011. The Organization also entered a maintenance agreement from February 2006 through December 2011. Future minimum lease payments for years ending June 30 are as follows:

<u>Year</u>	<u>Facilities</u>	<u>Equipment</u>
2009	\$ 178,298	\$ 11,974
2010	106,981	11,974
2011	110,253	11,974
2012	113,544	5,987
2013	116,835	
2014 and thereafter	<u>19,564</u>	
	<u>\$ 645,475</u>	<u>\$ 41,909</u>

Total facility and equipment rental expense for the year ended June 30, 2008 and 2007 was \$223,820 and \$213,208, respectively.

INTERVAL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – CONTINGENCIES AND CONCENTRATION OF CREDIT RISK

Interval House receives 80% of its support from governments and other granting agencies, and from donated use of facilities, donated services, and donated materials. A significant reduction in the level of this support may have an adverse effect on the programs and activities. Management has determined that grant levels should remain relatively stable.

Under the terms of federal and state grants, periodic audits by the grantor agencies are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and therefore may have to be reimbursed to the grantor agencies. Although this is a possibility, the Board deems the contingency remote.

From time to time the Organization's cash deposits exceed the FDIC insurance limit of \$100,000. As of June 30, 2008 and June 30, 2007 the Organization had deposits of \$84,886 and \$140,288 that exceeded the insured limit. Management monitors cash balances on a daily basis to ensure its safety.

See Note 5 regarding contingencies of the mortgage payable.

The Organization operates in Southern California and is subject to the local economy.

NOTE 5 – MORTGAGE PAYABLE

This consists of a mortgage payable to the Redevelopment Agency of Huntington Beach derived from funding provided by HUD through the Home Investment Partnership Program secured by real property. No interest shall accrue on the unpaid principal of the note. As long as the property is used in the Organization's programs, the mortgage will be forgiven ratably over a thirty-year period which commenced in the year ending 2001 through 2031. If the Organization ceases to use the property as intended, the entire mortgage will become immediately due and payable. The Organization intends to use the property as agreed throughout the term of the mortgage. The mortgage is due/forgiven as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 19,434
2010	19,434
2011	19,434
2012	19,434
2013	19,434
2014 and thereafter	<u>330,371</u>
	<u>\$ 427,541</u>

INTERVAL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – SPECIAL EVENTS

The Organization sponsors various special event fundraisers as a means of generating revenues for its programs. Special events are reported at net of donor benefit expense for the year end June 30, 2008 and June 30, 2007 as follows:

	<u>2008</u>	<u>2007</u>
Special events	\$ 559,634	\$ 601,966
Less: donor benefit expenses	(13,371)	(10,712)
	<u>\$ 546,263</u>	<u>\$ 591,254</u>

NOTE 7 – EMPLOYEE BENEFIT PLANS

Contributions for the year ended June 30, 2008 and June 30, 2007 for IRS code section 403(b), 457, and 401 (a) plans were:

<u>2008</u>	<u>2007</u>
\$ 116,047	\$ 129,078

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2008 the Organization had the following net assets that were donor restricted for a specific purpose:

For programs	\$ 45,300
For building renovation	<u>201,498</u>
	<u>\$ 246,798</u>

NOTE 9 – OTHER ASSETS – VIDEO IN PRODUCTION

For the year ended June 30, 2008, the Organization had \$153,835 of costs incurred toward the production of an educational video and related materials related to domestic violence awareness. The production costs related to the project were capitalized as Video in Production costs with the asset to be amortized to expenses upon full completion of the video and the related materials. As of June 30, 2008 the production has yet to be completed and correspondingly no amortization of the costs has occurred yet.

NOTE 10 – RECLASSIFICATION

Some reclassifications have been made to balances for the years ended June 30, 2008 and 2007, respectively, to enhance comparability.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

Interval House recorded prior period adjustments to restate net assets and mortgage payable at June 30, 2008 and 2007, respectively, following the reclassification of the mortgage payable balance due. The adjustment was made because the funds were actually a loan and not income.

Guzman & Gray

Certified Public Accountants

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Mark Gray, C.P.A.
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Interval House
Long Beach, California

We have audited the financial statements Interval House (a non-profit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Interval House's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Interval House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Interval House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long Beach, California

October 17, 2008

Guzman & Gray

Certified Public Accountants

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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Interval House
Long Beach, CA

Compliance

We have audited the compliance of Interval House (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Interval House's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Interval House's management. Our responsibility is to express an opinion on Interval House's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Interval House's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Interval House's compliance with those requirements.

In our opinion, Interval House complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of Interval House is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Interval House's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Interval House's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weaknesses is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Interval House as of and for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation the financial statements taken as a whole.



Long Beach, California
October 17, 2008

INTERVAL HOUSE
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grant Grantor Program Title</u>	<u>Grant Period</u>	<u>Pass-Through CFDA Number</u>	<u>Federal Grant Amount</u>	<u>State Grant Amount</u>	<u>Match</u>	<u>Total Grant Amount</u>	<u>Expenditures</u>	<u>Outstanding Loan</u>
Department of Justice/State of California, Office of Emergency Services, Domestic Violence Assistance Program*	7/07-6/08	16.588 16.575 93.671	\$ 167,954	\$ 32,118	\$ 43,903	\$ 243,975	\$ 200,072	
Department of Justice/State of California, Office of Emergency Services, Domestic Violence Response Team*	7/07-6/08	16.588 16.575 93.671	172,823		37,131	209,954	172,823	
US Department of Housing and Urban Development - City of Fountain Valley - CDBG	7/07-6/08	14.218	9,003			9,003	9,003	
Long Beach HUD	5/07-4/08	14.218	155,752			155,752	129,887	
Long Beach HUD	5/08-4/09	14.218	155,752			155,752	28,095	
County of Los Angeles - CALWORKS	7/07-6/08	93.558	124,500			124,500	124,500	
Supportive Services Program	8/06-7/08	147.235	152,640			152,640	95,573	
Hub- Bilingual Supportive								
County of Orange Housing and Community Development Department	7/07-6/08	14.218	145,318			145,318	145,318	

See Independent Auditor's Report

INTERVAL HOUSE
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grant Grantor Program Title</u>	<u>Grant Period</u>	<u>Pass-Through CFDA Number</u>	<u>Federal Grant Amount</u>	<u>State Grant Amount</u>	<u>Match</u>	<u>Total Grant Amount</u>	<u>Expenditures</u>	<u>Outstanding Loan</u>
U.S. Department of Housing and Urban Development - City of Westminster - CDBG	7/07-6/08	14.218	12,000			12,000	12,000	
County of Orange Housing and Community Services	7/07-6/08	14.218		328,119		328,119	328,119	
State of California DHS California Department of Health Battered Women Shelter Program	7/05-6/10	14.218		1,106,738		1,106,738	221,329	
Corporation for National Services Americorps Education Award Program	11/06-10/07 11/07-10/08	94.007 94.007	120,000 120,000			120,000 120,000	42,858 115,411	
US Department of Housing and Urban Development City of Huntington Beach*		14.239	750,000			750,000		321,200
County of Orange - Garden Grove Family Resource Center	7/07-6/08		21,055			21,055	20,883	
County of Orange - Oak View Collaborative - Family Resource Center	7/07-6/08		11,831			11,831	11,113	
County of Orange - Westminster Family Resource Center	7/07-6/08		17,595			17,595	17,562	
County of Orange - Stanson Family Resource Center	7/07-6/08		15,562			15,562	15,342	
County of Orange - Salk Family Resource Center	7/07-6/08		10,800			10,800	10,762	

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INTERVAL HOUSE
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grant Program Title</u>	<u>Grant Period</u>	<u>Pass-Through CFDA Number</u>	<u>Federal Grant Amount</u>	<u>State Grant Amount</u>	<u>Match</u>	<u>Total Grant Amount</u>	<u>Expenditures</u>	<u>Outstanding Loan</u>
County of Orange - Orange Family Resource Center	7/07-6/08		24,500			24,500	24,021	
County of Orange - Anaheim and Fullerton	7/07-6/08		20,503			20,503	19,538	
TOTALS			\$ 2,083,088	\$ 1,591,475	\$ 81,034	\$ 3,755,597	\$ 1,744,209	\$ 321,200

* Major Programs

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal grant activity of Interval House and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

INTERVAL HOUSE
OFFICE OF EMERGENCY SERVICES GRANT NO. DV07211204
STATEMENT OF COSTS CLAIMED, ACCEPTED
AND RECOMMENDED FOR DISALLOWANCE
FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

	<u>Budget</u>	<u>Expenditures Claimed and Accepted</u>	<u>Variance</u>	<u>Match</u>	<u>Non Match</u>
Personal services	\$ 243,608	\$ 243,608	\$ 0	\$ 43,903	\$ 199,705
Operating expenses	<u>367</u>	<u>367</u>	<u>0</u>	<u>0</u>	<u>367</u>
TOTALS	<u>\$ 243,975</u>	<u>\$ 243,975</u>	<u>\$ 0</u>	<u>\$ 43,903</u>	<u>\$ 200,072</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- a. This program statement has been prepared in conformity with State of California, Office of Emergency Services (OES) instructions for Form OES-201.
- b. The costs claimed as reported on this schedule are limited to the approved budget. Actual costs for each line item exceed the budgeted amounts.

See Independent Auditors' Report

INTERVAL HOUSE
OFFICE OF EMERGENCY SERVICES GRANT NO. VA07071204
STATEMENT OF COSTS CLAIMED, ACCEPTED
AND RECOMMENDED FOR DISALLOWANCE
FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008
(GRANT PERIOD JULY 1, 2007 TO SEPTEMBER 30, 2008)

	<u>Budget</u>	<u>Expenditures Claimed and Accepted</u>	<u>Variance</u>	<u>Match</u>	<u>Non Match</u>
Personal services	\$ 232,826	\$ 181,818	\$ 0	\$ 37,131	\$ 144,687
Operating expenses	<u>31,136</u>	<u>28,136</u>	<u>0</u>	<u>0</u>	<u>28,136</u>
TOTALS	<u>\$ 263,962</u>	<u>\$ 209,954</u>	<u>\$ 0</u>	<u>\$ 37,131</u>	<u>\$ 172,823</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- a. This program statement has been prepared in conformity with State of California, Office of Emergency Services (OES) instructions for Form OES-201.
- b. The costs claimed as reported on this schedule are limited to the approved budget. Actual costs for each line item exceed the budgeted amounts.

See Independent Auditors' Report

INTERVAL HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

A. Summary of Auditors' Results

1. An unqualified report was issued by the auditor on the financial statements of the auditee.
2. There were no material weaknesses in interior control nor were there any control deficiencies.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses or other reportable conditions in internal control over programs of the auditee.
5. An unqualified report was issued by the auditor on compliance for major programs.
6. The audit did not disclose any audit findings which the auditor is required to report under OMB Circular A-133, Section .510 (o).
7. The auditee's major programs

CFDA No.

93.671
16.588
16.575

Program

Department of Justice/State of California,
Office of Emergency Services, Domestic
Violence Program

14.218

County of Orange,
Housing and Community Services

8. The dollar threshold used to distinguish Type A was \$300,000. Type B programs were determined to be those that exceed \$100,000.
9. The auditee qualifies as a low-risk based on the qualifications of OMB Circular A-133.

B. Findings Related to the Financial Statements Which Required to be Reported in Accordance With GAGAS.

There were no findings required to be reported in accordance with GAGAS.

C. Findings and Questioned Costs for Federal Awards as Defined in Paragraph 51- (a) of OMB Circular A-133

None

INTERVAL HOUSE
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008

Findings:

There were no prior material audit findings from the previous audit reports that require audit follow up for the fiscal year ended June 30, 2008.